DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: **03 - 14**

2. STATE: **TEXAS**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE: **November 1, 2003**

5. TYPE OF PLAN MATERIAL *(Circle One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR part 460.182

7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT
a. FFY **2003** **$ 0**
b. FFY **2004** **$ 0**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
SEE ATTACHMENT

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
SEE ATTACHMENT

10. SUBJECT OF AMENDMENT:

This amendment updates the Program of All-Inclusive Care for the Elderly by incorporating an Upper Payment Limit and a rate for the Qualified Medicare Beneficiary - only individual.

11. GOVERNOR'S REVIEW *(Check One)*:

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED:
Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.

12. SIGNATURE OF STATE AGENCY OFFICIAL:
Jason Cooke by Radey Lowe

13. TYPED NAME:
Jason Cooke

14. TITLE:
State Medicaid/CHIP Director

15. DATE SUBMITTED:
September 29, 2003

16. RETURN TO:
Jason Cooke
State Medicaid/CHIP Director
Post Office Box 13247
Austin, Texas 78711

Texas (03-14)
Approved: 11/18/03
Effective: 11/01/03

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
3 OCTOBER 2003

18. DATE APPROVED:
18 NOVEMBER 2003

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
1 NOVEMBER 2003

20. SIGNATURE OF REGIONAL OFFICIAL:
Andrew A. Fredrickson

21. TYPED NAME:
ANDREW A. FREDRICKSON

22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR
DIV OF MEDICAID & CHILDREN'S HEALTH

23. REMARKS:

FORM HCFA – 179 (07-92)

Attachment to Blocks 8 & 9 to HCFA Form 179

Transmittal No. TN 03-14, Amendment No. 649

Number of the Plan Section or Attachment	Number of the Superseded Plan Section or Attachment
Supplement 3 to Attachment 3.1-A	Appendix 1 to Attachment 3.1-A
Page 5	Page 5 (TN 03-07)
Page 6a	Page 6a (TN03-07)
Page 6b	Page 6b (TN03-07)

II. Rates and Payments (continued)

D. The State assures CMS that the capitated rates will be equal to or less than that cost to the agency of providing those same fee-for-service State Plan approved services on a fee-for-service basis, to an equivalent non-enrolled population group based upon the following methodology. Please attach a description of the negotiated rate setting methodology and how the State will ensure that rates are less than the cost in fee-for-service. See attachment ___ to Supplement 3 of Attachment 3.1A.

5. X Rates are set at a percent of fee-for-service costs
6. __ Experience-based (contractors/State's cost experience or encounter date) (please describe).
7. __ Adjusted community rate (please describe)
8. __ Other (please describe)

E. X The rates were set in a reasonable and predictable manner. Please list the name, organizational affiliation of any actuary used, and attestation/description for the initial capitation rates.

No actuary was used.

F. X The State will submit all capitated rates to the CMS Regional Office for prior approval.

STATE Texas
DATE RECD 10-3-03
DATE APPVD 11-18-03
DATE EFF 11-1-03
HCFA 179 Texas 03-14

A

IV. Reimbursement Methodology for Programs for All-Inclusive Care for the Elderly (PACE)

(a) General specifications. The Texas Health and Human Services Commission (HHSC) determines the upper payment limits and the reimbursement rates for each PACE contractor.

(b) Frequency of reimbursement determination. The upper payment limits and reimbursement rates are determined coincident with the state's biennium.

(c) Upper payment limit determination. There are three upper payment limits calculated for each PACE contract: one for clients eligible only for Medicaid services (Medicaid-only clients), one for clients eligible for both Medicare and Medicaid services (dual-eligible clients), and one for clients eligible for only Medicare services as Qualified Medicare Beneficiaries (QMBs). An average monthly historical cost per client receiving nursing facility and Community Based Alternatives (CBA) services under the fee-for-service payment system is calculated for the counties served by each PACE contract for each type of upper payment limit for Medicaid-only clients and for dual-eligible clients.

(1) The upper payment limits for Medicaid-only and for dual-eligible clients for the biennium are calculated for the base period using historical fee-for-service claims data and member-month data from the most recent state fiscal year of complete claims available prior to the state's biennium.

(2) The historical costs are derived from fee-for-service claims data for clients receiving nursing facility services or CBA services in the counties served by each PACE contract meeting the following criteria:

(i) age 55 and older;
(ii) with Medicare coverage and without Medicare coverage; and
(iii) not receiving services under the STAR+PLUS managed care program.

(3) The historical costs include:

(i) acute care services, including inpatient, outpatient, professional and other acute care services;
(ii) prescriptions;
(iii) medical transportation;
(iv) nursing facility services;
(v) hospice services;
(vi) long-term care specialized services, such as physical therapy, occupational therapy, and speech therapy;
(vii) CBA services;
(viii) Primary Home Care (including Family Care) services; and
(ix) Day Activity and Health Services.

Superseded By 03-07

STATE Texas
DATE REC'D 10-3-03
DATE APP'VD 11-18-03
DATE EFF 11-1-03
HCFA 179 TX 03-14

A

(4) To determine an average monthly historical cost for the counties served by each PACE contract, the total historical fee-for-service claims data for the counties served by each PACE contract are divided by the number of member months for the counties served by each PACE contract.

(5) To the average monthly historical cost per client is added a per member month amount for:

(i) processing claims based on the state's cost to process claims under the fee-for-service payment system; and

(ii) case management based on the state's cost to provide case management under the fee-for service payment system for CBA clients.

(6) The sum of the average monthly historical cost per client for each PACE contract and the amounts from (5) above are projected from the claims data base period identified in (c)(1) to the rate period to account for anticipated changes in costs for each PACE contract. The methodology used for trending historical costs for calculating PACE UPLs and rates is comparable to that used for trending fee-for-service costs.

(d) The upper payment limit for QMBs is determined on a statewide basis using the average cost incurred by Medicaid for Medicare co-insurance and deductibles.

(e) Payment rate determination. There are three reimbursement rates calculated for each PACE contract: one for clients eligible only for Medicaid services, one for clients eligible for both Medicare and Medicaid services, and one for clients eligible for only Medicare services as Qualified Medicare Beneficiaries (QMBs). The payment rates for each of the three categories of clients for each PACE contract are determined by multiplying the upper payment limits calculated for each PACE contract by 0.95.

(f) Reporting of cost. HHSC may require the PACE contractor to submit financial and statistical information on a cost report or in a survey format designated by HHSC. Cost report completion is governed by the requirements of the Cost Determination Process. HHSC may also require the PACE contractor to submit audited financial statements.

STATE Texas
DATE REC'D 10-3-03
DATE APP'D 11-18-03
DATE EFF 11-1-03
HCFA 179 TX 03-14

A